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Mr. P. H. ...  
FOREIGN SERVICE DESPATCH  
FROM: American Embassy, Madrid  
TO: THE DEPARTMENT OF STATE, WASHINGTON.  
REF: Department's Instruction CA-588 of July 23, 1954;  
Embassy's Despatch No. 77 of August 3, 1954.  
SUBJECT: EXDON: H. S. Lucht Company, Duesseldorf, Germany.

1460.529/9-957  
NR 460.6229  
September 9, 1954  
D 72284

E-5: OC/R-2 OH-1-6 EUR-9 MC-2 TR3 FA-10  
9-13 CIA-6 OSD-2 ARMY-3 NAVY-3 AIR-3 COM-10

The Embassy wishes to inform the Department that its further efforts to obtain information on the relationship between Otto SKORZENY and the Duesseldorf firm, H.S. Lucht Company, has revealed that Skorzeny probably has been connected with the German firm in the past but that the relationship may have been more political than commercial. The available information on Skorzeny's relation with H.S. Lucht Company is contained in a memorandum of conversation prepared by Julian P. Frenzer, American Consul in Bilbao on September 17, 1953, a copy of which is attached.

Since the date of the attached memorandum, Skorzeny married Baroness von Finkenstein (May, 1954). They reside in a rather large villa on Lopes de Hayes 70, Madrid, and are known to entertain quite lavishly. The Baroness is understood to have carried on most of her husband's commercial activities prior as well as subsequent to their marriage. According to local British Intelligence sources, the Baroness visited the Madrid offices of Victor Oswald (see HWC Confidential Check List) this spring in the company of one Frank GALLATI who is reportedly an American citizen. The same source reports that Gallati manages OTTO WOLF COMPANY of Duesseldorf and was employed in Madrid during the war as an investigator in the office of the Representative in Spain of the Allied Control Council for Germany. This information would tend to support previous information to the effect that the Baroness is still active in business affairs. The extent to which Gallati and the Otto Wolf Company may be related to the H.S. Lucht Company could not be ascertained in Madrid. It is possible, however, that the Consulate General in Duesseldorf may be aware of the possible connection between these firms and Gallati. The Embassy was unable to ascertain just what business, if any, transpired during the visit of Gallati and the Baroness to the office of Victor Oswald.

British Intelligence officials report that they have not been interested in Skorzeny's activities for many months since they became aware that he had no connection with arms shipments to Egypt. Skorzeny is reported to have departed for Germany some three weeks ago on business.

Should any further information be developed by the Embassy concerning

cc: USRC/ST, AmEmbassy, Paris  
HICOG, Bonn - AmCons. - Bilbao.  
AmConGen, Duesseldorf  
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EXEMPTIONS Section 3(b)

- (2)(A) Privacy ☐  
(2)(B) Methods/Sources ☒  
(2)(G) Foreign Relations ☐

FOR COORDINATION WITH STATE

NAZI WAR CRIMES DISCLOSURE ACT

Declassified and Approved for Release  
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Date: 2001, 2005

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Storsey's connections with the H.S. Lucht Company, the Department will be informed.

For the Charge d'Affaires a.i.:

Horace E. Smith,  
Counselor of Embassy for Economic Affairs.

Enclosure: (1)

Copy of Memorandum of Conversation, dated September 17, 1943 prepared by Julian Framer, American Consul, Bilbao.

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American Consulate,  
Bilbao, Spain,  
September 17, 1953.

## Memorandum of Conversation

TO : [ ]  
FROM : Mr. Fromer

During my recent stay at the nearby fishing village of Lequetio, two Bilbao friends of mine who spend considerable time there because of ties of family and friendship, on separate occasions and independently one or the other brought up the subject of the activities of Otto SKORZENY. This seemed natural enough since Skorzeny this past season joined the summer vacation colony at Lequetio and, if for no other reason, his tremendous figure and physique, tanned to a dark brown, stood out daily on the beach like a beacon in the night.

It was in fact the presence of Skorzeny bathing near us one day which apparently prompted my first friend to tell me that he understood the wartime German S.S. colonel was involved in Spanish arms sales to Egypt. My friend gave as his source the son of Mr. Castor de URIARTE, owner-manager of the Marquina arms firm of Esperanza y Cia., who told him that one day Skorzeny had appeared at the factory and told his father that unless he was "cut in" on the arms contract between Esperanza and the Egyptian Government he (Skorzeny) would use his influence with General MAGUIB to have the order cancelled. What the final result of this intervention was my source was unable to say. Later that same morning, another friend, without giving any specific details, also told me that it was "well-known" that Skorzeny was "making lots of money" arranging the sale of Spanish arms to Egypt.

*tie*  
Comment: At least the gossip in Lequetio which has been stirred up by Skorzeny's long stay (nearly two months, as of last week) revolves around his rumored Egyptian ties. I was also told that Skorzeny was accompanied by a blonde woman, said not to be his wife, who speaks little or no Spanish, as I noted one morning when I ran across the pair in a little shop buying some food, with him doing all the ordering in Spanish, after consulting her in German. He also had with him in Lequetio a young girl, close to 5 feet 9 inches in height said to be his daughter, who despite her grown-up appearance seemed to be only about 14 years old. An elderly woman who completed the group was described as his mother. Skorzeny drives a Borgward sedan, with Madrid license plates (M-99630, yellow).

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According to my sources, Skorzeny spent most of his time in Lequeville with the owners of the two large villas overlooking the beach. One is said to be a Dr. PAZ, a Madrid doctor with a German wife, and the other Robert SCHENKEL, a said to be a high official of the Sociedad General Electrica in Bilbao.

It is interesting to note, in this connection, that the Basque daily news bulletin (Guhia Gara), published by the so-called Basque Press Office in Paris, carried in its issue of September 7, 1953 excerpts from an article in a Brussels newspaper La Pensee, concerning alleged neo-Nazi activities in Spain. In Brussels, "A New Act: Madrid-Gotro", the article has this to say on Skorzeny's activities in Spain:

"In Madrid, Skorzeny carries on great activities and is tied up with half the world. Officially, he figures as the representative of German machine-tool factories and is also export-import manager of a Düsseldorf firm, Kammann-Licht. These jobs serve as a pretext to cover his numerous movements."

"In Spain, Skorzeny uses the name STEINBERG and directs the activities of the Nazi groups. The help which he receives from Countess YLANSKY, a German citizen who has lived many years in Spain, has accounted for a great part of the success which has crowned his efforts."

"He is also on good terms with the business of Valencia, who, although not considered by FIANCO as a dangerous traitor, has served as an efficient collaborator, having been able to open for him (Skorzeny) the doors of certain circles which show themselves to be somewhat reserved in their relations with the Gestapo."

"Skorzeny has ample facilities for getting to Tangier and to the Spanish Zone of Morocco. Moreover, he is especially interested in Africa and recently was able to get an order for an important quantity of cement destined for the Casag Islands."

According to the Basque bulletin, the second part of the newspaper's article describes alleged events in Egypt, "a country which Skorzeny visits frequently."

A more recent issue of the bulletin, that of September 15, 1953, reports that the Manchester Guardian, in a dispatch from its correspondent in Bonn, Spain, has also sought to tie up Skorzeny with so-called "Nazi activities" in reports that a Dr. DORIS, formerly one of the officials of the recently dissolved National Socialist party of General MOER, has succeeded his retirement from political activities to join the staff of the Madrid office of the Düsseldorf firm allegedly headed by Skorzeny. This firm is said to employ also Dr. Werner RAUBACH, another neo-Nazi leader. (It is not quite clear from the different spellings and descriptions in the Basque bulletin whether the firm is called LOREN, LAUNCH or RAUBACH-LOREN.)

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During a recent meeting with an officer of the British Consulate here, I mentioned Sturway to him, and in line with ☐ Secret Letter to you of July 10, 1953, I told him what I had heard of Sturway's reported relationship with the Harpula arms firm and its shipments to Egypt. The British vice consul said they had an unconfirmed report that Sturway was trading (presumably Spandards) in Spain to carry out anti-British sabotage in the eventuality of an outbreak of all-out Anglo-Egyptian hostilities in Egypt.

OFFICER/pw

cc Ambassador, Madrid  
(with copy for RUM/MS)  
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